GUYANA GOLDFIELDS INC.

Consolidated Financial Statements

(Expressed in United States Dollars)

For the Twelve Months Ended December 31, 2015

And

The Fourteen Months Ended December 31, 2014

March 10, 2016

Independent Auditor's Report

To the Shareholders of
Guyana Goldfields Inc.

We have audited the accompanying consolidated financial statements of Guyana Goldfields Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014 and the consolidated statements of operations and comprehensive income (loss), changes in equity and cash flows for the 12-month and 14-month periods ended December 31, 2015 and December 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Guyana Goldfields Inc. and its subsidiaries as at December 31, 2015 and December 31, 2014 and their financial performance and their cash flows for the 12-month and 14-month periods ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Guyana Goldfields Inc.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements, and notes thereto, and other information of Guyana Goldfields Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the consolidated financial statements.

In order to discharge management's responsibility for the integrity of the financial statements, the Company maintained a system of internal controls over the financial reporting process. These controls are designed to provide reasonable assurance that the Company's assets are safeguarded, transactions are executed and recorded in accordance with management's authorization, proper records are maintained and relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders. The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audit, the adequacy of the system of internal controls, and the review of financial reporting issues.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Scott Caldwell

Chief Executive Officer

/s/ Paul J. Murphy

Chief Financial Officer

Toronto, Canada

March 10, 2016

Guyana Goldfields Inc.

Consolidated Balance Sheets

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

		December 31, 2015		December 31, 2014
ASSETS				
Current assets				
Cash and cash equivalents (Note 4)	$	**12,899**	$	17,211
Accounts receivable, prepaid expenses and other assets (Note 5)		**1,404**		1,995
Deposits with suppliers		**1,000**		-
Contract advances (Note 6)		**-**		10,417
Restricted cash (Note 7)		**27,146**		-
		42,449		29,623
Non-current assets				
Restricted cash (Note 7)		**126**		33,311
Deferred financing costs (net) (Note 8)		**-**		8,786
Mineral properties, plant and equipment (Note 9)		**295,880**		182,205
Deferred tax asset (Note 15)		**28,936**		-
Total assets	**$**	**367,391**	**$**	**253,925**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 10)	$	**32,476**	$	34,161
Current portion of long-term debt (Note 11)		**28,010**		4,340
Derivative liability (Note 23)		**1,378**		-
Total current liabilities		**61,864**		38,501
Non-current liabilities				
Long-term debt (net) (Note 11)		**116,750**		58,077
Asset retirement obligations (Note 12)		**4,019**		-
Derivative liability (Note 23)		**942**		-
Total liabilities	$	**183,575**	$	96,578
Equity				
Share capital (Note 13)	$	**383,695**	$	377,668
Stock options (Note 14)		**7,840**		7,670
Contributed surplus		**26,543**		26,334
Accumulated deficit (Note 3(a))		**(234,262)**		(254,325)
Total equity		**183,816**		157,347
Total liabilities and equity	**$**	**367,391**	**$**	**253,925**

The notes on pages 5 to 36 are an integral part of these consolidated financial statements.

Commitments and Contingencies (Note 20)

Subsequent Events (Note 25)

APPROVED ON BEHALF OF THE BOARD:

"J. Patrick Sheridan"	"Wendy Kei"
Director	Director

Guyana Goldfields Inc.

Consolidated Statements of Operations and Comprehensive Income (Loss)

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, EXCEPT PER SHARE AMOUNTS)

	Twelve months ended December 31, 2015	Fourteen months ended December 31, 2014 (Notes 2(a) & 3(a))
Operating expenses		
General and administrative expenses (Note 16)	**$ 4,325**	$ 6,674
Exploration and evaluation expenses (Notes 17)	**1,616**	2,462
Stock-based compensation (Note 14)	**1,074**	1,264
Amortization	**149**	172
Operating loss	**(7,164)**	(10,572)
Other income (expense)		
Realized and unrealized loss on derivative instrument (Note 23)	**(2,359)**	-
Foreign exchange gain (loss)	**628**	(2,716)
Loss on short-term investments	**-**	(24)
Interest income	**22**	505
Net loss before taxes	**(8,873)**	(12,807)
Deferred tax recovery (Note 15)	**28,936**	-
Net income (loss) and comprehensive income (loss) for the period	**$ 20,063**	$ (12,807)
Net Income (loss) per share		
Basic	**$ 0.13**	$ (0.09)
Diluted	**0.13**	$ (0.09)
Weighted average number of shares outstanding		
Basic	**151,386,143**	136,861,701
Diluted	**155,688,682**	136,861,701

The notes on pages 5 to 36 are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	Share Capital	Stock Options	Contributed Surplus	Deficit	Total Equity
AT NOVEMBER 1, 2013	**$ 335,785**	**$ 11,962**	**$ 20,268**	**$ (68,998)**	**$ 299,017**
Cumulative effect of exploration and evaluation costs policy change (Note 3(a))	-	-	-	(172,520)	(172,520)
Balance at November 1, 2013, as adjusted	335,785	11,962	20,268	(241,518)	126,497
Shares issued on exercise of options	471	-	-	-	471
Fair value of options exercised	176	(176)	-	-	-
Issued by private placement (Note 13)	41,523	-	-	-	41,523
Share issue expense	(287)	-	-	-	(287)
Stock-based compensation – issued this period	-	887	-	-	887
Stock-based compensation – issued prior period	-	1,063	-	-	1,063
Expired options	-	(4,026)	4,026	-	-
Forfeited options	-	(357)	357	-	-
Cancelled options	-	(1,683)	1,683	-	-
Net loss for the period	-	-	-	(12,807)	(12,807)
AT DECEMBER 31, 2014	**$ 377,668**	**$ 7,670**	**$ 26,334**	**$ (254,325)**	**$ 157,347**

	Share Capital	Stock Options	Contributed Surplus	Deficit	Total Equity
AT DECEMBER 31, 2014	**$ 377,668**	**$ 7,670**	**$ 26,334**	**$ (254,325)**	**$ 157,347**
Shares issued on exercise of options	4,196	-	-	-	4,196
Fair value of options exercised	1,831	(1,831)	-	-	-
Stock-based compensation – issued this period	-	101	-	-	101
Stock-based compensation – issued prior period	-	2,109	-	-	2,109
Expired options	-	(163)	163	-	-
Forfeited options	-	(46)	46	-	-
Net income for the year	-	-	-	20,063	20,063
AT DECEMBER 31, 2015	**$ 383,695**	**$ 7,840**	**$ 26,543**	**$ (234,262)**	**$ 183,816**

The notes on pages 5 to 36 are an integral part of these consolidated financial statements.

Guyana Goldfields Inc.

Consolidated Statements of Cash Flows

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	Twelve months ended December 31, 2015	Fourteen months ended December 31, 2014 (Notes 2(a) & 3(a))
Cash provided by (used in)		
Operations		
Net income (loss)	$ **20,063**	$ (12,807)
Items not involving cash:		
Deferred tax recovery	**(28,936)**	-
Derivative instruments loss	**2,320**	-
Stock-based compensation	**1,074**	1,264
Unrealized foreign exchange (gain) loss	**(668)**	349
Amortization	**149**	172
Unrealized loss on short-term investments	**-**	24
Change in non-cash operating working capital:		
Deposits with suppliers	**(1,000)**	-
Accounts receivable, prepaid expenses and other assets	**317**	(1,294)
Accounts payable and accrued liabilities	**1,754**	182
	(4,927)	(12,110)
Financing		
Proceeds from long-term debt (net)	**87,087**	68,573
Proceeds from exercise of stock options	**4,196**	471
Deferred financing costs	**(109)**	(13,618)
Proceeds from private placement	**-**	41,523
Share issue expenses	**-**	(287)
	91,174	96,662
Investing		
Expenditures on assets under development	**(105,524)**	(131,186)
Contract advances	**10,417**	(10,417)
Restricted cash	**6,015**	(33,000)
Purchase of property and equipment	**(986)**	(688)
	(90,078)	(175,291)
Net change in cash and cash equivalents	**(3,831)**	(90,739)
Effect of exchange rate on cash held in foreign currency	**(481)**	(699)
Cash and cash equivalents, beginning of year	**17,211**	108,649
Cash and cash equivalents, end of year (Note 4)	$ **12,899**	$ 17,211

The notes on pages 5 to 36 are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Guyana Goldfields Inc. (the "Company" or "Guyana Goldfields") is engaged in the acquisition, exploration, development and operation of mineral property interests, principally gold resource properties in Guyana, South America. The Company is incorporated and domiciled in Canada and its shares are publicly traded on the Toronto Stock Exchange. The address of its registered office is 141 Adelaide Street West, Suite 1608, Toronto, Ontario, Canada.

The Company's primary focus has been on the development of the Aurora Gold Project (the "Aurora Project" or "Project"). Effective January 1, 2016 (see Note 25), the Aurora Project mine declared commercial production which has been defined as the first calendar month following the mill having operated for a period of sixty consecutive days at an average of 75% or more of the designed production capacity (including both soft and fresh rock components) equivalent to 3,750 tonnes per day, and with gold recoveries at least 85%.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as set out in the Chartered Professional Accountants of Canada ("CPA Canada") Handbook applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Different bases of measurement may be appropriate when a company is not expected to continue operations for the foreseeable future. For the twelve months ended December 31, 2015, the Company reported income of $20,063 and an accumulated deficit of $234,262 as at that date.

The Company's predominant source of funding has been the issuance of equity securities for cash, and the signing on September 2, 2014 (by its wholly owned subsidiary AGM Inc. ("AGM")), of the $185 million Project Loan Facility (the "Project Loan Facility" or the "Facility") for the development and construction of the 100%-owned Aurora Project with the International Finance Corporation, Export Development Canada, ING Capital LLC, Caterpillar Financial Services Corporation, and The Bank of Nova Scotia (collectively the "Senior Lenders"). First draw under the Facility occurred on October 17, 2014 and as of September 30, 2015 the full amount of the Tranche 1 Facility was drawn (see Note 11). Beginning late October 2015, the Company commenced with sales of gold production to fund ongoing pre-commercial production activities. The Company continued to generate proceeds from the sale of gold subsequent to December 31, 2015 (see Note 25).

The recovery of amounts capitalized for assets under development, a component of mineral properties, plant and equipment at December 31, 2015 in the consolidated balance sheet is dependent upon the future profitable mining operations at the Aurora Project or proceeds from its disposition. Recovery of amounts capitalized for the Project is also dependent upon compliance with financial and non-financial covenants under the Project Loan Facility.

2. BASIS OF PRESENTATION

(a) Change in year end

Effective in 2014, the Company changed its financial year-end from October 31st to December 31st and reported a one-time, fourteen month transition year covering the months of November 2013 to December 2014. Subsequently, the Company's first full financial year after the transition now covers the period January 1, 2015 to December 31, 2015. Accordingly, these consolidated financial statements present the financial position as at December 31, 2015, December 31, 2014, and January 31, 2014, as well as the results of operations and comprehensive income (loss) and cash flows for the twelve months ended December 31, 2015 and for the fourteen months ended December 31, 2014.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. See Note 3(t) for significant judgements, estimates and assumptions.

The Board of Directors approved the consolidated financial statements on March 10, 2016.

(c) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments such as (1) short-term investments that are held-for-trading and are measured at fair value through profit and loss; and (2) derivatives which are measured at fair value through profit or loss.

(d) Currency of presentation

All amounts are expressed in United States dollars. All financial information presented in United States dollars has been rounded to the nearest thousand.

3. ACCOUNTING POLICIES

During 2015, the Company adopted a new accounting policy on asset retirement obligations (see Note 3(n)). With the commencement of commercial production at the Aurora Project on January 1, 2016 (see Note 25), the Company has updated its accounting policies below including significant judgements, estimates and assumptions. The new accounting policies adopted effective January 1, 2016 are:

- Commercial production (see Note 3(i)),
- Deferred stripping costs (see Note 3(k)),
- Inventory (see Note 3(l)), and
- Revenue recognition (see Note 3(m)),

(a) Change in accounting policy on exploration and evaluation expenditures

Effective December 31, 2014, the Company adopted a voluntary change in accounting principle on exploration and evaluation expenditures that is also generally accepted under IFRS 6. The Company's new policy on accounting for exploration and evaluation expenditures is to expense these costs until such time as the work completed supports the future development of the property through the issuance of a National Instrument ("NI") 43-101 technical report or definitive bankable feasibility study, and such development receives appropriate Board of Director approvals. All subsequent expenditures on the property are then capitalized and classified as assets under development, a component of mineral properties, plant and equipment.

Exploration and evaluation expenditures incurred prior to the issuance of the Aurora Project's NI 43-101 feasibility study in January 2013 did not form part of the Project's development budget and funding under the financing Facility. This change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets, and is an accepted accounting practice in the mining industry. As such, management had determined that such a voluntary change in accounting policy resulted in financial statements providing more reliable and more relevant information. This change in accounting policy had been applied to all of the Company's exploration activities for all properties.

(Expressed in thousands of United States Dollars, except share and per share amounts)

In accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", the change in accounting policy was made retrospectively during the previous fiscal year ended December 31, 2014, as if the policy had always been applied. A statement of financial position as at January 31, 2014 has been disclosed representing the beginning of the earliest comparative period presented.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The consolidated financial statements include the accounts of the Company and the following subsidiaries:

Entity name	Place of Incorporation	Ownership
Aranka Gold Inc.	Canada	100%
AGM Inc.	Guyana	100%
Aranka Gold Inc. (Guyana)	Guyana	100%
Guy Gold Inc.	Guyana	100%
Aranka Gold (Barbados) Inc.	Barbados	100%
Aurora Gold (Barbados) Inc.	Barbados	100%
Guygold Barbados Inc.	Barbados	100%
Aurora USA Ltd	United States	100%
Guyana Goldfields Inc. UK Limited	United Kingdom	100%

(c) Functional and presentation currency

The functional and presentation currency of the company and its subsidiaries is the Unites States dollar. Transactions and balances denominated in foreign currencies are translated into the United States dollar as follows:

- Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date;
- Non-monetary assets and liabilities, expenses and other income arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction;
- Revenue, expenses and capitalized development costs are translated using the rate in effect at the date of the transaction; and
- Exchange gains and losses arising from translation are included in the determination of net income (loss) and comprehensive income (loss).

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and other highly liquid short-term instruments with maturity dates less than ninety days.

(e) Restricted cash

Cash subject to restrictions that prevent its use for general purposes is presented as restricted cash.

(f) Short-term investments

Short-term investments are designated as financial assets at fair value through profit and loss and are recorded at fair value using the last bid price. They represent the Company's investment portfolio in junior mining exploration companies. The purchase and sale of short-term investments is recognized and derecognized as applicable, using settlement date accounting.

(g) Exploration and evaluation costs

Exploration and evaluation costs incurred on the exploration and evaluation of potential mineral reserves and resources include costs such as:

i. Acquisition of rights to explore;
ii. exploratory drilling, trenching and sampling;
iii. accumulating exploration data through topographical and geological studies;
iv. determining the volume and grade of resources;
v. test work on geology, metallurgy, mining, geotechnical and environmental; and
vi. conducting engineering, marketing and feasibility studies.

Exploration and evaluation costs are expensed as incurred. Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination.

(h) Development costs

Expenditures are considered as development costs when the work completed supports the future development of the property through the issuance of a NI 43-101 technical report or definitive bankable feasibility study, and such development receives appropriate Board of Director approvals. Subsequent to this point, development expenditures are then capitalized and classified as assets under development, a component of mineral properties, plant and equipment.

Development expenditures represent costs incurred to obtain access to proven and probable reserves and to provide facilities for extracting, treating, gathering, transporting and storing of minerals. Development expenditures are capitalized to the extent that they are necessary to bring the property to commercial production. Items which meet these criteria include:

i. the purchase price for acquired development assets, including any duties and any non-refundable taxes;
ii. costs directly related to bringing the asset to the location and condition for intended use such as drilling costs and removal of overburden to establish access to the ore reserve;
iii. direct and indirect costs incurred if they can be directly attributable to the area of interest;
iv. pre-production expenditures (including pre-production revenues) incurred prior to the mine being substantially complete and ready for its intended use;
v. the present value of the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located;
vi. costs incurred to expand operating capacity; and
vii. borrowing costs incurred while construction and development activities are in progress, when they directly relate to financing the construction of the project, and when general borrowings would have been avoided if the expenditure on the qualifying assets had not been made.

Projects are assessed to determine the point of commencement of production of the mine.

(i) Commercial production

The development phase ends and the production phase begins when the mine is in the condition necessary for it to be capable of operating in the manner intended by management. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moved into the production phase. Some of the criteria considered include, but are not limited to:

- Completion of operational commissioning of each major mine and plant component.

- Demonstrated ability to mine and mill consistently and without significant interruption at a pre-determined average rate of design capacity of 75%, composed of both soft and hard rock.
- The passage of a reasonable period of time for testing of all major mine and plant components.
- Gold recoveries are at or near expected production levels.

Commercial production will be declared on the first day of the calendar month following achievement of the above milestones. Upon achieving commercial production, costs are transferred from assets under development into the appropriate asset classification such as inventory and mineral properties, plant and equipment.

Once in commercial production, gold sales will be recognized as revenue, and production costs as a component of cost of sales. Development expenditures incurred during the production phase to provide access to ore reserves in future periods; expand existing capacity; or generally provide future economic benefits will continue to be capitalized under the Company's accounting policies on development costs, and mineral properties, plant and equipment.

Effective January 1, 2016, upon declaring commercial production at the Aurora Project, the Company transitioned from accounting for certain costs as a development stage company to accounting for certain costs as an operating company. This involved significant financial reporting changes as follows:

- Capitalized Aurora Project costs were transferred from assets under development to the relevant asset categories including mineral properties, plant and equipment, and to inventory;
- Capitalized costs included within mineral properties, plant and equipment began to be depreciated consistent with the Company's established accounting policies;
- Capitalization of interest expense, stock based compensation, changes to and accretion of asset retirement obligations, amortization of deferred financing costs and depreciation of property and equipment, all ceased;
- Capitalization of pre-commercial production revenues and operating costs ceased; and
- Commenced recording of mine operating results in the consolidated statement of operations and comprehensive income (loss).

(j) Mineral properties, plant and equipment

Mineral properties, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. The costs of mineral properties, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

When a project commences commercial production, the accumulated capitalized development costs are transferred to the appropriate mineral properties, plant and equipment and other assets. From this point forward, costs incurred are either capitalized to inventory or expensed as operating costs, except for capitalized costs related to assets under construction that provide a future benefit.

Additional development costs incurred after the commencement of commercial production are capitalized to the extent they are expected to give rise to a future economic benefit and are classified as assets under construction. Interest on borrowings related to construction or development projects is capitalized to the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Mineral properties and processing plant

Mineral properties are depreciated using a unit of production method based on estimated proven and probable mineral reserves to which they relate. Certain components of the processing facility are also depreciated using the unit-of-production basis over the proven and probable reserves of the mine.

Buildings, plant equipment, mobile fleet and other equipment

Depreciation on the following assets is recognized based on the cost of the item, less its estimated residual value, using the straight line method over its estimated remaining useful life, or the remaining life of the mine if shorter:

Buildings	3 to 10 years
Mobile fleet	3 to 8 years
Equipment – process plant and power plant	3 to 10 years
Vehicles	3 to 5 years
Field equipment	3 to 5 years
Computer equipment	3 years
Office furniture	5 years
Leasehold improvements	Lesser of term of lease or useful life

Depreciation on mineral properties, the processing facility and related equipment commenced with the start of commercial production on January 1, 2016.

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. Where parts (components) of an item has a different useful life or for which a different depreciation rate would be appropriate, it is accounted for as a separate asset.

Expenditure on major maintenance or repairs includes the cost of the replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Company, the expenditure is capitalized and the carrying amount of the item replaced is derecognized. Similarly, overhaul costs associated with major maintenance are capitalized and depreciated over their useful lives where it is probable that the future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognized. All other costs are expensed as incurred.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of operations and comprehensive income (loss).

Assets under construction for assets not related to mineral properties

Costs incurred in the course of construction of an asset are capitalized and recognized as assets under construction. On completion of construction activities, costs are transferred to the appropriate category of plant and equipment. Costs to bring an asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalized. Depreciation commences once the asset is complete and available for use.

(k) Deferred stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials in order to produce inventory or to improve access to ore which will be mined in the future. The process of removing overburden and waste materials is referred to as stripping. Prior to the commencement of commercial production, stripping costs are capitalized as part of assets under development.

Where the costs are incurred to produce inventory, the production stripping costs are accounted for as a cost of producing those inventories. Where the costs are incurred to improve access to ore which will be mined in the future, the costs are deferred and capitalized to mineral properties, plant and equipment as a stripping activity asset (a non-current asset) if improved access to the ore body is probable, the component of the ore body can be accurately identified, and the costs relating to the stripping activities associated with the component can be reliably measured. Capitalized costs are depreciated using a unit-of-production basis over the proven and probable reserves to which they relate. If these criteria are not met, the costs are expensed in the period in which they are incurred.

(l) Inventory

Inventory classifications include stockpiled ore, in-circuit inventory, finished goods inventory and materials and supplies. The value of all production inventories include direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for the corporate office are not included in any inventories. All inventories are valued at the lower of cost and net realizable value, with net realizable value determined with reference to market prices, less estimated future production costs (including royalties) to convert inventories into saleable form.

i. Stockpiled ore represents unprocessed ore that has been mined and is available for future processing. Stockpiled ore is measured by estimating the number of tonnes (by truck counts or by physical surveys) added to or removed from the stockpile, the number of contained ounces (based on assay data) and estimated gold recovery percentage. Stockpiled ore value is based on the costs incurred (including depreciation) in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average costs per tonne of ore in the stockpile.

ii. In-circuit inventory represents material that is currently being treated in the processing plant to extract the contained gold and to transform it to a saleable form. The amount of gold in the in-circuit inventory is determined by assay values and by measure of the various gold bearing materials in the recovery process. The in-circuit gold is valued at the average of the beginning inventory and the costs of material fed into the processing stream plus in-circuit conversion costs including applicable mine-site overheads, and depreciation related to the processing facilities.

iii. Finished goods inventory is saleable gold in the form of doré bars that have been poured. Included in the costs are the direct costs of mining and processing operations as well as direct mine site overheads, and depreciation.

iv. Materials and supplies inventories consist mostly of equipment parts and other consumables required in the mining and ore processing activities, and are valued at the lower of average cost and net realizable value.

At December 31, 2015, all inventories above are included within assets under development.

(m) Revenue recognition

Revenue from the sale of refined gold is recognized when the Company has transferred significant risks and benefits of ownership to the buyer; it is probable that the economic benefits associated with the transaction will flow to the Company; the Company has no significant continuing involvement; and the amount of revenue and costs incurred or costs to be incurred in respect of the transaction can be measured reliably. The above occurs when the refined gold has been physically delivered, which is also the date when title has passed to the buyer pursuant to a purchase agreement that fixes the quantity and price of the gold for each delivery.

Prior to achieving commercial production, proceeds from gold sales were included in assets under development.

(n) Asset retirement obligations

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment, including adherence to environmental and social management systems as defined under the Project Loan Facility. The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties, plant and equipment when those obligations result from the construction, development or normal operation of the assets.

The Company has recorded a liability and corresponding asset for the estimated future cost of mine reclamation and closure at the Aurora Project, including the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, discounted to net present value. The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed and a reasonable estimate of future costs and discount rates can be made. The provision is present valued based on current market assessments of the time value of money using discount rates based on a risk-free rate that approximates the timing of expenditures to be incurred, and estimates of future cash flows are adjusted to reflect risks specific to the liability.

Each period the Company reviews cost estimates and other assumptions used in the valuation of the obligation to reflect changes in circumstances and new information available. The main factors that can cause expected cash flows to change are: changes in laws and regulations governing the protection of the environment; construction of new facilities; methods of reclamation; changes to estimated lives of operations and extent of reclamation work required; changes in the life of mine plan; and changing ore characteristics. Provisions for asset retirement obligations do not include any additional obligations which are expected to arise from future disturbances.

After the initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The change in the provision due to the passage of time is capitalized as development costs, and will be recognized in profit and loss as finance expense after the Aurora Project achieves commercial production. Increases and decreases to the provision relating to the changes in estimated future cash flows are capitalized and once in commercial production will be depreciated over the life of the related asset, unless the amount deducted from the cost exceeds the carrying value of the asset, in which case the excess is recorded in profit and loss.

Actual costs incurred upon settlement of the asset retirement obligation are charged against the provision to the extent the provision was established for those costs. Upon settlement of the liability, a gain or loss may be recorded.

(o) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use, which is the present value of the future cash flows expected to be derived from an asset. Estimated future cash flows are calculated using estimated future commodity prices, mineral resources, operating and capital costs, using appropriate discount rates.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or groups of assets, in which case, the individual assets are grouped together into cash generating units for impairment purposes.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(p) Share based payments

Equity settled share-based payments to employees and non-employees are measured at the fair value of the equity instrument at the grant date. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is determined using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted, and recognized over the period during which the options vest. The vesting periods are generally over a prescribed schedule of up to two to five years from date of grant issuance. The fair value is expensed or capitalized to assets under development, a component of mineral properties, plant and equipment, with a corresponding increase in equity, reflecting a graded vesting method based on the company's estimate of equity instruments that will eventually vest. Management estimates the number of options likely to vest at the time of a grant and at each reporting date up to the vesting date. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period. Upon the exercise of stock options, the consideration received is recorded as share capital and the related stock option equity amount is transferred to share capital.

(q) Long-term debt

Debt is classified as current when the Company expects to settle the liability in its normal operating cycle or the liability is due to be settled within twelve months after the date of the consolidated balance sheet.

(r) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is reflected in equity.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are presented as non-current.

(s) Income (loss) per share

Basic income (loss) per share is calculated based on the weighted average number of common shares issued and outstanding during the year. Diluted income (loss) per share is calculated using the treasury stock method and if converted method, as applicable. The treasury method assumes that outstanding share options with an average market price that exceeds the average exercise prices of the options for the period are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common share for the period.

(t) Significant judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses and other income for the reporting period.

Judgments, estimates and assumptions are periodically evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas of judgment, estimate and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Development costs and commencement of commercial production:

Mineral properties is comprised of historical costs associated with acquisition, development and construction of mining properties and is stated at historical cost less depletion. Historical cost includes expenditures directly attributable to acquisition and subsequent costs to develop mineral reserves and resources. Such costs are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Mineral properties are not subject to depreciation until processing plant construction associated with a mineral property is completed and initial commercial production is achieved. Incidental revenues and operating costs are included in mineral properties prior to the plant achieving commercial production, which occurs when the plant is substantially complete and ready for its intended use. Revenue recognition and depreciation of mineral properties begins when commercial production has been achieved.

There are a number of factors that the Company considers when determining if conditions exist for the commencement of commercial production of an operating mine, including the following judgements:

- Completion of operational commissioning of each major mine and plant component.
- Demonstrated ability to mine and mill consistently and without significant interruption at a pre-determined average rate of design capacity of 75%, composed of both soft and hard rock.
- The passage of a reasonable period of time for testing of all major mine and plant components.
- Gold recoveries are at or near expected production levels.

Impairment of assets:

The Company assesses its cash-generating units annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is considered to be the higher of the fair value of the asset less costs of disposal and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and future operating performance.

Fair value less costs to dispose is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. Value in use is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of approved future expansion plans and eventual disposal. Cash flows are discounted by an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Changes in any of the assumptions or estimates used in determining the fair value could impact the impairment analysis.

Mineral reserves and resources:

The Company estimates its Mineral Reserves and Mineral Resources based on information compiled by qualified persons as defined in accordance with NI 43-101, "Standards of Disclosure for Mineral Projects" issued by the Canadian Securities Administrators. Mineral Reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties.

There are numerous estimates in determining Mineral Reserves and Mineral Resources. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Changes to management's assumptions and judgements made in estimating the size and grade of the ore body, metallurgical assumptions made in estimating recovery of the ore body, including economic estimates of commodity prices, production costs, future capital requirements, and exchange rates, will impact Mineral Reserve and Mineral Resource estimates.

These estimates and assumptions valid at the time of estimation may change significantly when new information becomes available. This may result in a change in the economic status of the Mineral Reserve and may ultimately result in Mineral Reserves being revised.

Changes in the Mineral Reserve or Mineral Resource estimates may impact the carrying value of mineral properties, plant and equipment, the calculation of depreciation expense, asset retirement obligations, and the recognition of deferred tax amounts.

Units-of-production ("UOP") depreciation:

The Company uses estimated proven and probable mineral reserves as the basis for determining the depreciation of certain mineral properties, plant and equipment. This results in a depreciation charge proportional to the depletion of the anticipated remaining mine life. These calculations require the use of estimates and assumptions, including the amount of proven and probable mineral reserves. Changes in the estimated mineral reserves will result in changes to the depreciation charges over the remaining life of the operation. A decrease in the mineral reserves would increase depreciation expense and this could have a material impact on operating results. The depreciation base is updated on an annual basis based on the new mineral estimates.

Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognized on the consolidated balance sheet. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted income from operations and the application of existing local tax laws.

To the extent that future taxable income differs significantly from estimates, the ability of the Company to realize the net deferred assets recorded in the consolidated balance sheet could be impacted. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Refer to Note 15 for significant components of the Company's deferred tax assets and liabilities.

Asset retirement obligations:

Liabilities for asset retirement obligations are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future mine reclamation and closure costs. The Company's provision for asset retirement obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability. Factors that affect the final cost of remediation include estimates of the extent and costs of rehabilitation activities, the expected timing, technological changes, cost increases and changes in discount rates. Changes in the above factors can result in a change to the asset retirement obligation recognized by the Company. This liability is reassessed and re-measured at each reporting date.

Inventory valuation:

Inventories are recorded at the lower of cost or net realizable value. The allocation of costs to in-circuit inventory and the determination of net realizable value for all inventories involves the use of estimates. There is a high degree of judgment in estimating future costs, future production levels, contained gold ounces, gold recovery levels and market prices, including timing and recovery of stockpiled inventory ore, which can vary significantly from the estimates. Actual results can therefore vary significantly from estimates used in the determination of the carrying value of inventories.

Depreciation of equipment:

Assets such as buildings, plant equipment, mobile fleet, and other equipment are depreciated net of residual value, on a straight line basis, over the useful their useful lives. Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation, and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Contingencies:

The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur.

(u) Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as "fair value through profit and loss", directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit and loss", "available-for-sale", "held-to-maturity", or "loans and receivables". Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as fair value through profit and loss or "other financial liabilities".

Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the consolidated statements of operations and comprehensive income (loss). Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method. Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

Cash and cash equivalents, restricted cash and short-term investments are designated as fair value through profit and loss and are measured at fair value. Trade receivables and certain other assets are designated as loans and receivables. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities.

Derivative assets and liabilities include derivative financial instruments that do not qualify as hedges, or are not designated as hedges and are classified as fair value through profit and loss.

(v) Recent Accounting Pronouncements

Revenue recognition

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). The standard replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets From Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. The Company is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 "Financial Instruments" ("IFRS 9"). This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments and includes a substantially reformed approach to hedge accounting. The Company is in the process of determining the impact of IFRS 9 on its consolidated financial statements.

Leases

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

As of December 31, 2015, the Company held approximately $10 million of its cash in United States denominated currency, with the remaining predominantly in Canadian funds. Included in the Company's consolidated cash position at December 31, 2015 is approximately $5 million in cash attributable to AGM Inc. (December 31, 2014 - $14 million), that the Company is contractually obligated to spend to support the operations of the Aurora Project. The Company maintains substantially all of its cash and cash equivalents in interest bearing bank accounts at Canadian chartered banks.

(Expressed in thousands of United States Dollars, except share and per share amounts)

5. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER ASSETS

	December 31, 2015	December 31, 2014
Accounts receivable	$ **184**	$ 606
Sales tax receivable	**-**	136
Employee advances	**9**	109
Prepaid expenses & other assets	**1,177**	1,110
Short-term investments	**34**	34
	$ **1,404**	$ 1,995

6. CONTRACT ADVANCES

Under the terms of the engineering, procurement and construction contract ("EPC Contract") for the construction of the Aurora Project process and power plant with Sedgman Limited and Graña y Montero ("the GSJV") (see Note 20), the Company previously advanced to the GSJV a total of $13,394. As of December 31, 2015, all contract advances were repaid by the GSJV (December 31, 2014 - $10,417 was outstanding).

7. RESTRICTED CASH

	December 31, 2015	December 31, 2014
AGM Inc. cost overrun equity account (i)	$ **23,000**	$ 23,000
AGM Inc. completion account (i)	**4,000**	10,000
Other restricted balances (ii)	**272**	311
	$ **27,272**	$ 33,311

(i) In accordance with the Project Loan Facility, in October 2014 the Company placed a total of $33 million into restricted bank accounts prior to first draw under the Facility. These restricted funds were available for project costs overruns on the Aurora Project, and are subject to security and debenture agreements whereby AGM has granted and created a lien for the benefit of the Senior Lenders. On May 7, 2015 the Senior Lenders approved the release of $6,000 of the $10,000 in funds held in AGM's restricted completion bank account back to the parent company Guyana Goldfields Inc. The remaining $4,000 balance at December 31, 2015 will be released to the parent company Guyana Goldfields Inc. upon project completion in 2016, as defined under the Facility. The $23,000 residing in the cost overrun equity account at December 31, 2015, will be released at project completion, to the extent it is not drawn, and will be deposited into debt service reserve and mine closure reserve bank accounts, as required under the Project Loan Facility. These restricted cash bank account balances are denominated in United States dollars and held at a Canadian chartered bank.

(ii) The Company has outstanding letters of guarantee in the amount of $146 (December 31, 2014 - $160) that is required under the regulations prescribed by the Guyana Geology and Mines Commission ("GGMC") for prospecting licenses issued to the Company and its subsidiaries. The Company also has several company credit cards with a major financial institution with an aggregate credit limit of $126 (December 31, 2014 - $151). The financial institution holds a $126 deposit as collateral on the credit amount as long as the credit cards are active. The restricted cash amounts would change if there were any changes in the credit limits on the cards.

(Expressed in thousands of United States Dollars, except share and per share amounts)

		December 31, 2015		December 31, 2014
Current portion of restricted cash	$	27,146	$	-
Non-current portion of restricted cash		126		33,311
	$	27,272	$	33,311

8. DEFERRED FINANCING COSTS

As of December 31, 2015, with the Tranche 1 Facility fully drawn (see Note 11), all deferred financing costs have now been netted against the Facility. These costs have been considered as borrowing transaction costs and represent expenses incurred in negotiating the Project Loan Facility, and include Senior Lenders' and other advisory fees, legal costs, as well as required technical engineering and social and environmental assessment costs that were pre-requisites to entering into Facility negotiations. A total of $15,097 in borrowing costs had been incurred with respect to the Facility. The balance of $8,786 as at December 31, 2014 represents the portion of deferred financing costs that were not netted against the Facility, as the Facility was not fully drawn at that time.

9. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Aurora Gold Project Assets under development	Mineral properties	Buildings, plant and related equipment	Mobile fleet, vehicles and other equipment	Total
COST					
At November 1, 2013 – as re-stated	**$ 13,894**	**$ -**	**$ -**	**$ 12,534**	**$ 26,428**
Additions during the period	160,404	-	-	688	161,092
Transfers	(6,035)	-	-	6,035	-
Transferred to deferred financing costs	(1,371)	-	-	-	(1,371)
Interest expense and commitment fees	2,065	-	-	-	2,065
Stock-based compensation (Note 14)	686	-	-	-	686
Amortization - deferred financing costs	434	-	-	-	434
Depreciation - equipment	2,109	-	-	-	2,109
At December 31, 2014	**172,186**	**-**	**-**	**19,257**	**191,443**
Additions during the period	101,664	-	108	2,010	103,782
Transfers	(6,269)	-	625	5,644	-
Pre-commercial production revenues less operating costs (A)	(7,984)	-	-	-	(7,984)
Change in asset retirement obligations (Note 12)	3,978	-	-	-	3,978
Interest expense and commitment fees	9,371	-	-	-	9,371
Stock-based compensation (Note 14)	1,136	-	-	-	1,136
Accretion of asset retirement obligation (Note 12)	41	-	-	-	41
Amortization - deferred financing costs	3,764	-	-	-	3,764
Depreciation - buildings and equipment	4,589	-	-	-	4,589
Disposals (B)	-	-	-	(1,475)	(1,475)
At December 31, 2015	**$ 282,476**	**$ -**	**$ 733**	**$ 25,436**	**$ 308,645**

(Expressed in thousands of United States Dollars, except share and per share amounts)

(A) The month of September 2015 represented the commencement of pre-commercial production operations at the Aurora Project which ended December 31, 2015, when the processing facility was substantially complete and ready for its intended use. During this period, the Company has included in development costs the revenue from saleable gold produced to offset the costs incurred for pre-commercial production mining operations.

	Aurora Gold Project Assets under development	Mineral properties	Buildings, plant and related equipment	Mobile fleet, vehicles and other equipment	Total
ACCUMULATED DEPRECIATION					
At October 31, 2013	**$ -**	**$ -**	**$ -**	**$ 6,957**	**$ 6,957**
Depreciation for the period	-	-	-	2,281	2,281
At December 31, 2014	**-**	**-**	**-**	**9,238**	**9,238**
Depreciation for the period	-	-	323	4,679	5,002
Disposals (B)	-	-	-	(1,475)	(1,475)
At December 31, 2015	**$ -**	**$ -**	**$ 323**	**$ 12,442**	**$ 12,765**

NET BOOK VALUE					
December 31, 2014	$ 172,186	$ -	$ -	$ 10,019	$ 182,205
December 31, 2015	**$ 282,476**	**$ -**	**$ 410**	**$ 12,994**	**$ 295,880**

(B) During the fourth quarter of fiscal 2015, the Company recorded a change in estimate in depreciating its assets. This change in method of depreciating its assets in use from declining balance to the straight line method, to better reflected the remaining useful lives of its property and equipment. This did not result in a material change in the amount of depreciation expense recognized during the fourth quarter, and is not expected to result in a material change in future depreciation expense. In addition, the Company removed $1,475 in cost and accumulated depreciation associated with equipment that was fully depreciated and no longer in use at December 31, 2015.

Aurora Gold Project

On November 18, 2011, the Company signed a Mineral Agreement ("MA") with the Government of Guyana and received the Mining Licence ("ML") for the Aurora Gold Project. The MA and ML details all fiscal, property, import-export procedures, taxation provisions and other related conditions for the continued exploration, mine development and operation of the Aurora Gold Project. Significant terms include:

- Net smelter return royalty of 5% on gold sales at a price of gold of $1,000/oz or less;
- Net smelter return royalty of 8% on gold sales at a price of gold over $1,000/oz;
- Corporate income tax rate of 30% and no withholding tax on interest payments to lenders; and
- Duty and value added tax exemptions on all imports of equipment and materials for all continuing operations at the Aurora Gold Project, including the construction and operation of the Buckhall Port facility, road and power improvements and the construction and operation of the mine.

The Mining Licence is the Company's permit to build and operate the Aurora Gold Project. The document was valid immediately, commencing November 18, 2011 for an initial 20-year term with provisions for extension on application by the Company.

On January 11, 2013 the Company announced the key findings of its Aurora Gold Project's NI 43-101 Technical Report Updated Feasibility Study and received Board approval to further develop and bring the Aurora Gold Project to commercial production. This point commenced the recognition expenditures for the Aurora Gold Project as assets under development.

(Expressed in thousands of United States Dollars, except share and per share amounts)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2015		December 31, 2014
Trade payables and accrued liabilities	**$**	**31,681**	$	33,998
Severance accrual		**185**		34
Employee related accrued liabilities		**610**		129
	$	**32,476**	$	34,161

11. LONG-TERM DEBT

Long-term debt outstanding consists of the following as at:

		December 31, 2015		December 31, 2014
Secured Tranche 1 Facility advances	**$**	**160,000**	$	68,573
Principal repayment		**(4,340)**		-
		155,660		68,573
Unamortized deferred financing costs (Note 8)		**(10,900)**		(6,156)
		144,760		62,417
Less current portion		**(28,010)**		(4,340)
Non-current portion	**$**	**116,750**	$	58,077

On September 2, 2014 Guyana Goldfields Inc. and its wholly owned subsidiary, AGM Inc., announced the signing of a common terms agreement (the "Common Terms Agreement") with its Senior Lenders, and other definitive documentation with respect to the $185 million Project Loan Facility to fund the development and construction of, and general matters relating to, the 100%-owned Aurora Project.

The Project Loan Facility consisted of two tranches; a Tranche 1 facility of $160 million and a Tranche 2 cost overrun facility of $25 million. First drawdown of the Facility occurred in October 2014 and as of September 30, 2015 the full amount of the Tranche 1 Facility was drawn. The Company was not required to draw on the Tranche 2 cost overrun facility to fund the construction of the Aurora Project, so on November 30, 2015 the Tranche 2 facility was withdrawn in its normal course. The maximum term of the Facility is eight years and advances under the Facility bear a weighted average interest rate of 3-month LIBOR plus 5.11% for the Tranche 1 facility. There is no required gold hedging.

Under the terms of the Common Terms Agreement, the Company has entered into security and debenture agreements pursuant to which AGM has granted and created a lien over all its assets and property of any kind to the benefits of the Senior Lenders. Similarly, the parent company Guyana Goldfields Inc. and certain of its wholly owned subsidiaries, namely Aurora Gold (Barbados) Inc., Guygold (Barbados) Inc., and Guy Gold Inc., (collectively the "Related Entities") have entered into security agreements to grant and create liens over all their related rights, titles, and interests that are necessary for the Aurora Project, for the benefits of the Senior Lenders. In addition, certain of the Related Entities have entered into subordination agreements whereby any intercompany debt owed by these companies has been subordinated to the Project Loan Facility. The Company has undertaken to provide additional funds, if required, for the Project to achieve project completion, and to supplement any shortfall of funds needed to meet the Aurora Project's financial obligations. Scheduled principal repayments, reflecting amounts drawn as of December 31, 2015 are as follows:

(Expressed in thousands of United States Dollars, except share and per share amounts)

	Total	2016	2017	2018	2019	2020	There-after
Total long-term debt as of December 31, 2015	$ 155,660	$ 28,010	$ 36,470	$ 26,130	$ 13,610	$ 31,690	$ 19,750

Principal repayments commenced December 31, 2015, and continues quarterly thereafter over the term of the Facility.

Commencing with the first principal repayment on December 31, 2015, and for the duration of the Facility, AGM Inc. will be required to maintain specified financial and non-financial covenants/conditions and reporting requirements, including adherence to environmental and social standards, and funding of a debt service reserve account and mine closure reserve accounts as required. Financial covenants include a debt service coverage ratio, projected debt service coverage ratio, loan life coverage ratio, project life coverage ratio and a mining reserve tail ratio. The Company was in compliance will all key covenants under the Common Terms Agreement as of December 31, 2015. The Facility also provides for a partial cash sweep mechanism for the benefit of the Senior Lenders and the acceleration of principal repayment in the event of a change in control.

12. ASSET RETIREMENT OBLIGATIONS

Changes to asset retirement obligations are summarized below:

Balance, January 1, 2015	$	-
Revisions to expected cash flows		3,978
Unwinding of discount		41
Balance December 31, 2015	**$**	**4,019**

The Company recorded in the second quarter of fiscal 2015 a liability and corresponding asset for the estimated future cost of mine reclamation and closure at the Aurora Project, including the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, discounted to net present value. The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed and a reasonable estimate of future costs and discount rates can be made. The provision is discounted using a risk-free rate and estimates of future cash flows are adjusted to reflect risks.

The majority of the asset retirement expenditures are expected to be incurred towards the end of the current mine plan commencing 2031.

Under the Project Loan Facility, the Company is required to fund a mine closure reserve account for the estimated mine closure remediation costs to be incurred, with $4.9 million expected to be contributed upon project completion (as defined under the Facility), followed by quarterly funding payments of approximately $0.4 million.

(Expressed in thousands of United States Dollars, except share and per share amounts)

13. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. The issued and outstanding common shares consist of the following:

	Number of Shares		Amount
At October 31, 2013	**126,143,899**	**$**	**335,785**
Issued on exercise of options	300,000		471
Fair value of options exercised	-		176
Issued by private placement (i)	24,000,000		41,523
Share issue expenses	-		(287)
At December 31, 2014	**150,443,899**	**$**	**377,668**
Issued on exercise of options	1,994,250		4,196
Fair value of options exercised	-		1,831
At December 31, 2015	**152,438,149**	**$**	**383,695**

(i) On June 27, 2014 the Company completed a non-brokered private placement (the "Placement") to which it issued an aggregate of 24,000,000 Common Shares at a price of Cdn$1.85 per Common Share for aggregate gross proceeds of $41,523 (Cdn$44,400). Share issue expenses of $287 were incurred on the Placement.

14. STOCK OPTIONS

The stock option plan of the Company (the "Option Plan") was approved by the shareholders on May 15, 2015. The purpose of the Option Plan is to attract, retain and motivate officers, directors, employees and service providers by providing them an opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The number of stock options that may be granted under the Option Plan is limited to not more than 9% of the issued common shares of the Company at the time of the stock option grant. The Option Plan restricts the number of stock options which may be granted to each non-executive director within any one year period to such number of options as entails a maximum aggregate grant date value of Cdn$100 calculated based upon the Black-Scholes Option pricing model. The Option Plan also provides for a limitation which restricts the number of stock options issuable thereunder to non-executive directors to 1% of the total number of Common Shares issued and outstanding from time to time (calculated without reference to any initial option grants to any such persons who are not previously insiders of the Company upon such persons becoming or agreeing to become directors of the Company). The exercise price of stock options granted in accordance with the plan will be not less than the closing price of the common shares on the trading day immediately prior to the effective date of grant.

The following table shows the continuity of stock options during the periods presented:

(Expressed in thousands of United States Dollars, except share and per share amounts)

	Number of Options		Amortized Value		Average Exercise Price (Cdn$)
At October 31, 2013	**9,631,250**	**$**	**11,962**	**$**	**3.04**
Stock-based compensation – issued this period	4,262,500		887		2.52
Stock–based compensation – issued prior period	-		1,063		-
Exercised	(300,000)		(176)		1.57
Expired	(1,636,250)		(4,026)		5.19
Forfeited	(6,250)		(357)		3.22
Cancelled	(450,000)		(1,683)		6.89
At December 31, 2014	**11,501,250**	**$**	**7,670**	**$**	**2.43**
Stock-based compensation – issued this period	580,000		101		3.05
Stock–based compensation – issued prior period	-		2,109		-
Exercised	(1,994,250)		(1,831)		2.65
Expired	(187,833)		(163)		3.53
Forfeited	(111,667)		(46)		2.66
At December 31, 2015	**9,787,500**	**$**	**7,840**	**$**	**2.40**

Stock-based compensation expense is comprised of:

		Twelve months ended December 31, 2015		Fourteen months ended December 31, 2014
Stock-based compensation:				
– issued this period	**$**	**101**	$	887
– issued prior period		**2,109**		1,063
Less value of stock-based compensation expense capitalized to assets under development (Note 9)		**(1,136)**		(686)
	$	**1,074**	$	1,264

The Company determined the fair value of the stock options granted under the Company's stock option plan using the Black-Scholes option model with the following assumptions on a weighted average basis:

Options granted to officers, directors and employees:

	Twelve Months Ended December 31, 2015	Fourteen Months Ended December 31, 2014
Fair value exercise price (Cdn$)	**3.10**	2.58
Risk-free interest rate	**0.87%**	1.35%
Dividend yield	**-**	-
Expected volatility	**69.68%**	68.57%
Expected option life	**4.4 years**	4.2 years
Expected forfeiture rate	**6%**	6%

The weighted average fair value on the grant date, of options granted to officers, directors and employees during the twelve months ended December 31, 2015 was Cdn$1.68.

(Expressed in thousands of United States Dollars, except share and per share amounts)

Options granted to consultants:

	Twelve Months Ended December 31, 2015	Fourteen Months Ended December 31, 2014
Fair value exercise price (Cdn$)	**2.73**	-
Risk-free interest rate	**0.64%**	-
Dividend yield	**-**	-
Expected volatility	**60.96%**	-
Expected option life	**1.4 years**	-
Expected forfeiture rate	**6%**	-

The weighted average fair value on the grant date, of options granted to consultants during the twelve months ended December 31, 2015 was Cdn$0.77.

The following are the stock options outstanding and stock options exercisable as at December 31, 2015:

	Stock Options Outstanding			**Stock Options Exercisable**		
Range of exercise prices (Cdn$)	Number of options	Weighted average exercise price (Cdn$)	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price (Cdn$)	Weighted average remaining contractual life (years)
$1.48 to $3.00	7,097,500	2.13	2.31	4,575,833	1.84	1.38
$3.01 to $3.95	2,690,000	3.11	1.63	2,340,000	3.09	1.17
	9,787,500	**2.40**	**2.12**	**6,915,833**	**2.26**	**1.31**

The intrinsic value of options outstanding at December 31, 2015 is $4,993. As of December 31, 2015, the remaining fair value of outstanding unvested options is $1,701.

15. INCOME TAXES

The Company's effective income tax rate differs from the amount that would be computed by applying the federal and provincial statutory rate of 26.50% (2014 – 26.50%) to the net loss. The reasons for the differences are a result of the following:

	Twelve Months ended December 31, 2015	Fourteen Months ended December 31, 2014
Net loss before taxes	**$ 8,873**	$ 12,807
EXPECTED TAX RECOVERY AT STATUTORY RATES	**2,351**	3,394
Tax effects of:		
Change in unrecognized deductible temporary differences	**27,284**	(3,006)
Stock-based compensation	**(284)**	(315)
Other	**(415)**	(73)
	$ 28,936	$ -

(Expressed in thousands of United States Dollars, except share and per share amounts)

At December 31, 2015, deferred tax assets of $28,936 (December 31, 2014: $nil) have been recognized.

This is composed of a net deferred tax asset of $9,119 (December 31, 2014: $nil) that has been recorded in a foreign subsidiary that arose from non-capital losses on pre-commercial production operations, net of the deferred tax liability relating to deferred financing costs and exploration and evaluation assets in excess of their tax base. Significant components of the deferred tax assets in the foreign subsidiary:

	December 31, 2015	December 31, 2014
Deferred income tax assets		
Deductible temporary differences related to:		
Non-capital loss carry-forwards	$ 18,058	$ -
Unrealized derivative losses	663	-
Asset retirement obligation	1,206	-
	$ 19,927	$ -
Deferred income tax liabilities		
Taxable temporary differences related to:		
Deferred financing costs	$ (3,270)	$ -
Exploration & evaluation assets	(7,538)	-
	$ (10,808)	$ -
Deferred income tax asset, net	$ 9,119	$ -

In addition, a deferred tax asset of $19,817 (December 31, 2014: $nil) has been recorded in a foreign branch that arose from non-capital losses and exploration and evaluation expenditures. Significant components of the deferred tax assets in the foreign branch:

	December 31, 2015	December 31, 2014
Deferred income tax assets		
Deductible temporary differences related to:		
Non-capital loss carry-forwards	$ 18,119	$ -
Exploration & evaluation assets	1,698	-
	$ 19,817	$ -

Movement in the net deferred taxes:

	December 31, 2015	December 31, 2014
Balance, beginning of year	$ -	$ -
Recognized in profit & loss/change in unrecognized temporary differences	28,936	-
Balance, end of year	$ 28,936	$ -

(Expressed in thousands of United States Dollars, except share and per share amounts)

The reversal of the deferred tax asset expected to be recovered or settled after more than 12 months:

	December 31, 2015	December 31, 2014
Deferred income tax assets		
Deferred income tax assets to be recovered within 12 months	$ 6,899	$ -
Deferred income tax assets to be recovered after more than 12 months	22,037	-
	$ 28,936	$ -

Projections of income for the Aurora Project and tax planning initiatives between both the foreign subsidiary and foreign branch, support the conclusion that the realizability of these deferred tax assets is probable and consequently, the Company has fully recognized these deferred tax assets.

Deductible temporary differences have not been recognized in respect of:

	December 31, 2015	*December 31, 2014*
Non-capital losses	$ 61,394	$ 52,390
Net capital losses	$ 390	$ 2,059
Property and equipment	$ 837	$ 9,066
Exploration and evaluation	$ 146,990	$ 168,087
Share issue costs	$ 2,405	$ 3,580
Short-term investments	$ 885	$ 886

The Company has non-capital losses that will expire, if not utilized, as follows:

	2021	2022	2023	2024	2025	2026 & beyond	No expiry date	Total
Barbados	$ 14	$ 136	$ 20	$ 73	$ -	$ -	$ -	$ 243
Canada	-	-	164	377	960	55,092	-	56,593
Guyana	-	-	-	-	-	-	3,547	3,547
United Kingdom	-	-	-	-	-	-	525	525
United States	-	-	-	-	-	486	-	486
	$ 14	$ 136	$ 184	$ 450	$ 960	$ 55,578	$ 4,072	$ 61,394

16. GENERAL AND ADMINISTRATIVE EXPENSES

	Twelve months ended December 31, 2015	Fourteen months ended December 31, 2014
Salaries and related benefits	$ 2,476	$ 3,897
Office, travel, insurance and other expenses	999	1,450
Professional fees	649	1,084
Shareholder relations and filing fees	201	243
	$ 4,325	$ 6,674

(Expressed in thousands of United States Dollars, except share and per share amounts)

17. EXPLORATION AND EVALUATION EXPENSES

		Twelve months ended December 31, 2015		Fourteen months ended December 31, 2014
Other Properties	$	1,358	$	1,640
Aranka Gold Property		258		722
Aurora Gold Project		-		100
	$	1,616	$	2,462

Aranka Gold Property

The Company's has a 100% interest in these properties, and at the option of the Company, the permit holders remain entitled to net smelter return royalties that vary from 1.5% to 2% or a fixed payment amount in lieu thereof.

Other Properties

Other properties represent exploration expenditures at exploration targets near the vicinity of the Aurora Project. The Company has a 100% interest in these other properties and at the option of the Company, the permit holder remains entitled to a net smelter return royalty of 1.5% or a fixed payment amount in lieu thereof.

18. INCOME PER SHARE

		Twelve months Ended December 31, 2015		Fourteen months ended December 31, 2014
Net income (loss) attributable to common shareholders				
Basic and diluted income (loss)	$	20,063	$	(12,807)
Basic weighted average number of common shares outstanding		151,386,143		136,861,701
Effect of stock options		4,302,539		-
Diluted weighted average number of common shares outstanding		155,688,682		136,861,701
Basic income (loss) per share	$	0.13	$	(0.09)
Diluted income (loss) per share	$	0.13	$	(0.09)

19. RELATED PARTY TRANSACTIONS

(a) Remuneration of key management personnel of the Company was as follows:

		Twelve months ended December 31, 2015		Fourteen months ended December 31, 2014
Compensation – salaries and related benefits (i)	$	2,060	$	2,561
Directors fees		276		323
Share-based compensation		1,270		1,083
	$	3,606	$	3,967

Key management personnel are defined as the senior management team and members of the Board of Directors.

(Expressed in thousands of United States Dollars, except share and per share amounts)

(i) For the twelve months ended December 31, 2015, $932 of salaries and related benefits was capitalized as assets under development, a component of mineral properties, plant and equipment (fourteen months ended December 31, 2014 - $831).

(b) Included in accounts payable are the following amounts due to related parties:

		December 31, 2015		December 31, 2014
To an officer of the Company	$	17	$	7

The balances are non-interest bearing and are payable on demand.

(c) Directors and insiders of the Company purchased under the June 2014 Placement a total of 114,000 Common Shares having a value of Cdn$210,900 or Cdn$1.85 per Common Share (see Note 13).

All the above related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

20. COMMITMENTS AND CONTINGENCIES

The Company is committed to $30,738 for obligations under the EPC Contract, other Aurora Project contractual commitments, purchases of equipment goods and services, and operating leases.

		Total		2016		2017		2018		2019		2020		There-after
EPC Contract	$	17,987	$	17,987	$	-	$	-	$	-	$	-	$	-
Other contractual commitments		3,354		1,610		1,064		232		232		216		-
Purchase obligations		7,269		7,269		-		-		-		-		-
Operating leases		2,128		409		428		409		409		341		132
Total Contractual Obligations At December 31, 2015	**$**	**30,738**	**$**	**27,275**	**$**	**1,492**	**$**	**641**	**$**	**641**	**$**	**557**	**$**	**132**

The $17,987 commitment for the EPC Contract represents the negotiated settlement with the GSJV (see Note 25), of all extension of time claims and contingent bonuses relating to the Aurora Project. The settlement did not have a material impact on assets under development, a component of mineral properties, plant and equipment. This commitment is included in accounts payable and accrued liabilities at December 31, 2015, and is repayable to the GSJV over the first and second quarter of fiscal 2016.

The Company's mineral exploration rights to the Aurora Property were acquired from Alfro Alphonso and are subject to an annual fee of $100, payable on January 2nd each year, up to a maximum of $1,500. Such payments are due and payable for such period that the Company maintains an interest in the property. As at December 31, 2015 total payments since the acquisition of $1,200 have been made (December 31, 2014 - $1,100). This remaining commitment has not been included in the above contractual commitment table.

During the fourth quarter of fiscal 2015, the Company received an unfounded notification of a possible legal claim from the Government of Venezuela that relates to recent developments regarding the Venezuela-Guyana border dispute. The Venezuela-Guyana border dispute was resolved and agreed upon by all parties under the 1899 Arbitration Agreement and any claims made outside of such agreement violate international law. The matter is currently before the United Nations, however Venezuela's border claim is widely viewed by the international community to be without merit.

(Expressed in thousands of United States Dollars, except share and per share amounts)

21. SEGMENTED INFORMATION

As at December 31, 2015, the Company's operations comprise a single reporting operating segment engaged in mineral exploration and development in Guyana. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

Geographical Information

The following geographical information is provided as supplemental information to users of the financial statements to further describe the Company's operations:

As at and for the twelve months ended December 31, 2015	Canada	Barbados	Guyana	United Kingdom	Total
Mineral properties, plant and equipment	$ 50	$ -	$ 295,830	$ -	$ 295,880
Total assets	39,239	-	328,152	-	367,391
Total liabilities	1,458	6	182,109	2	183,575
Net (income) loss	5,167	74	(25,508)	204	(20,063)
Additions to mineral properties, plant and equipment	17	-	106,493	-	106,510

As at and for the fourteen months ended December 31, 2014	Canada	Barbados	Guyana	United Kingdom	Total
Mineral properties, plant and equipment	$ 67	$ -	$ 182,138	$ -	$ 182,205
Total assets	49,781	-	204,144	-	253,925
Total liabilities	1,376	-	95,202	-	96,578
Net loss	9,463	20	3,083	241	12,807
Additions to mineral properties, plant and equipment	12	-	131,862	-	131,874

22. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, taking on debt, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

At December 31, 2015, the properties in which the Company currently has an interest in are in the exploration and advanced development stages. Until such time that the Aurora Project operates profitably over an extended period of time, the Company is dependent on external financing to fund its activities which include carrying out its planned exploration program and paying for administrative costs. As such the Company will attempt to spend its existing working capital and raise additional amounts as needed.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient potential and if it has adequate financial resources to do so.

The Company considers its capital to be (1) equity, comprising share capital, stock options, contributed surplus and accumulated deficit, which at December 31, 2015 totalled $183,816 (December 31, 2014 - $157,347), and (2) long-term debt, which at December 31, 2015, was $116,750 net of unamortized debt issuance costs (December 31, 2014 – $58,077). The Company manages capital through its financial and operational budgeting processes that are approved by the Company's Board of Directors. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on exploration and mine operating activities, as well as anticipated future gold production plans. Selected information is frequently provided to the Board of Directors of the Company. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company's capital management objectives, policies and processes have remained unchanged during the twelve months ended December 31, 2015.

Financial Risk Management

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, currency rate and price risk) and credit risk. Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values related to diesel price risk exposure. The Company does not purchase derivative financial instruments for speculative purposes.

(a) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company.

As of December 31, 2015, the Aurora Project had a total of $27 million in cash residing in restricted bank accounts, composed of $4 million in the restricted completion bank account, and $23 million in the cost overrun equity bank account. These restricted cash balances were initially established to fund any potential cost overruns on the Aurora Project. Construction and development of the Aurora Project was substantially completed in September 2015 when the Tranche 1 facility was fully drawn. Subsequent funding of pre-commercial production operating costs and debt servicing came from sales of gold. Consequently, these restricted bank account funds are no longer required to fund cost overruns on the Project.

The Company expects that upon project completion, as defined under the Facility, the $4 million in completion funds will be returned to the parent Guyana Goldfields Inc., while the $23 million in the cost overrun bank account will fund the Aurora Project's debt service and mine closure reserve bank account.

The Company historically has generated cash flow primarily from its financing activities, and interest income earned on its cash balances. During the fourth quarter of fiscal 2015, the Company began to generate cash flow from its Aurora Project during its pre-commercial production phase. At December 31, 2015, the Company on a consolidated basis had current assets (excluding restricted cash) of approximately $15 million (December 31, 2014 - $30 million) to settle consolidated current liabilities of approximately $62 million (December 31, 2014 - $39 million). This consolidated working capital deficiency of approximately $47 million resulted from AGM's extended ramp up and commissioning period that led to the accumulation of liabilities at December 31, 2015. Consolidated current liabilities of $62 million include the Aurora Project's $28 million in principal debt repayments over the next twelve months and $18 million due to the GSJV under the EPC contract (repaid in periodic payments going into the second quarter of fiscal 2016). All of the remaining accounts payable and accrued liabilities are subject to normal trade terms.

The Company expects that the above working capital deficiency will be funded from the Project's mining operating cash flows in 2016.

The Company regularly evaluates its overall cash position and forecasted cash flows to ensure preservation and security of capital as well as maintenance of liquidity. Forecasting takes into consideration the Company's debt financing, covenant compliance and internal liquidity targets.

With the Aurora Project declaring commercial production on January 1, 2016 (see Note 25), there can be no assurances that ongoing mining operations will proceed as planned or that future results from operations will be profitable, or that all required financial and non-financial covenants under the Project Loan Facility will be satisfied, or that other supplemental financing activities will not be required, if available.

(b) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in foreign exchange rates, interest rates, and commodity prices.

Currency risk:

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the United States dollar and major purchases are transacted in United States dollars.

The Company is subject to gains and losses due to fluctuations in the Canadian and Guyanese dollar against the United States dollar. Sensitivity to a plus or minus 10% change in all foreign currencies (Guyanese and Canadian dollars) against the United States dollar with all other variables held constant as at December 31, 2015, would affect the statements of operations and comprehensive income (loss) by approximately $632 (December 31, 2014 - $58).

The Aurora Project has been funded by the Project Loan Facility that is denominated in United States currency, and from the sale of gold denominated in United States currency. For disbursement purposes, bank accounts are maintained in United States, Canadian, and Guyanese dollars. The Project's exposure to fluctuations in the Canadian and Guyanese dollar against the United States dollar is not significant as substantially most construction development costs and pre-commercial production costs were incurred in United States dollars, and the exchange rate between the Guyanese and United States dollar has remained relatively constant. The consolidated foreign exchange gain of $628 at December 31, 2015 is primarily derived from the translation of Canadian dollar denominated employee benefits.

The Company funds its exploration activities in Guyana on a cash call basis using United States dollars converted from its Canadian dollar bank accounts held in Canada. The Company maintains Canadian and United States dollar bank accounts in Canada, and Guyanese and United States dollar bank accounts in Guyana. Similarly, the Company foreign exchange exposure to fluctuations in the Canadian and Guyanese dollars is not significant as its annual exploration expenditures, and Canadian dollar cash balances, are both relatively small.

A significant portion of the Company's corporate administrative costs are denominated in Canadian dollars. Fluctuations in the United States dollar exchange rate against the Canadian dollar are not expected to cause a significant impact.

Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to interest rate fluctuations as a result its long-term debt, and its cash being invested in interest-bearing instruments. The Project Loan Facility bears interest at a variable rate (3-month LIBOR plus 5.11% for the Tranche 1 facility).

Excluding cash balances and long-term debt attributable to the Aurora Project, sensitivity to a plus or minus 1% interest rate change with all other variables held constant as at December 31, 2015, would affect the statements of operations and comprehensive income (loss) by approximately $70 (December 31, 2014 - $32). Prior to Commercial Production of the Project, related interest earned on cash balances and interest incurred on long-term debt are being credited to/charged to Aurora Project assets under development, a component of mineral properties, plant and equipment. Sensitivity to a plus or minus 1% interest rate change on the Project's cash balances and long-term debt with all other variables held constant as at December 31, 2015, would have affected assets under development by approximately $1,505 (December 31, 2014 – $216). The Company evaluates on an ongoing basis opportunities to hedge its interest rate exposure on its long-term debt.

Commodity price risk:

The Company is exposed to price risk with respect to the market price of gold. Fluctuation in the price for gold may adversely affect (1) the Company's ability to profitably operate the Aurora Project, (2) influence the course of action taken in operating the mine in the future, (3) ability to obtain additional financing, and (4) affect the Company's ability to meet the Facility's financial and non-financial covenants. As at December 31, 2015, a ten percent change in the price of gold would have affected assets under development by approximately $3,113. The Company has not entered into any gold forward sales and there are no such contracts outstanding as of December 31, 2015. Commencing with commercial production of the Project on January 1, 2016, the Company expects that fluctuations in the gold price will have a material impact on Company's earnings.

(c) Credit risk:

Credit risk is the risk of financial loss to the Company if a third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's sales of gold, and also from its financing activities including deposits with banks, and derivative contracts.

The Company sells its gold to a select financial institution. The Company does not have any historical experience relating to customer default, but considers the credit risk associated with gold sales to be minimal. The Company is not economically dependent on a limited number of customers for the sale of its gold.

The Company is also exposed to credit risk related to derivative assets which is equal to the carrying value of the asset. There is no credit risk associated with derivative liabilities. The Company manages credit risk related to derivatives by entering into contracts with high credit-quality counterparties. At December 31, 2015, the Company has entered into derivative contracts with a chartered Canadian bank.

The maximum credit exposure at December 31, 2015 is approximately $1,153 (December 31, 2014 - approximately $11,156). The Company in 2014 had a significant concentration of credit risk arising from its contract advances to the GSJV, which have been repaid back to AGM. The Company maintains substantially all of its cash in interest bearing bank accounts at select Canadian chartered banks.

(Expressed in thousands of United States Dollars, except share and per share amounts)

23. FAIR VALUE MEASUREMENT

(a) Recurring fair value measurement

Carrying values for financial instruments, including cash and cash equivalents, short-term investments, deposits with suppliers, accounts receivable, contract advances, restricted cash, accounts payable and accrued liabilities approximate fair values due to their short-term maturities.

Fair value estimates for derivative contracts are based on quoted market prices provided by a financial institution and represent the amount the Company would have received from, or paid to, a counterparty to unwind the contract at the market rates in effect at the consolidated balance sheet date.

The Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Assets and liabilities measured at fair value on a recurring basis as at December 31, 2015 include:

	Level 1	Level 2	Level 3	Total
Derivative contracts:				
Diesel forward contracts	$ -	$ (2,320)	$ -	$ (2,320)

During the year ended December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The valuation techniques that are used to measure fair value are as follows:

Derivative contracts:

Company uses derivatives as part of its risk management program to mitigate the variability associated with changing market values of the underlying item. The derivative instruments are not formally recognized as hedging instruments and accordingly are classified as financial instruments. Changes in the fair value of these derivative instruments are recognized under "other income and expenses" in profit and loss. The mark-to-market fair values of all contracts is provided by a financial institution using inputs that are observable and determined using standard valuation techniques. Derivative instruments are classified within Level 2 of the fair value hierarchy.

The Company may enter into derivative contracts in order to manage its exposure to fluctuations in the market price of diesel. At December 31, 2015, the Company had a total of 26,400,000 litres of diesel forward contracts at an average rate of $0.44/litre, which will settle on a net basis, covering subsequent periods that end in the third and fourth quarters of fiscal 2017. The following is a summary of the Company's commitments for diesel forward contracts at December 31, 2015:

(Expressed in thousands of United States Dollars, except share and per share amounts)

		Projected operating expenses	Number of litres hedged		Average rate per litre
Fiscal 2016	$	6,078,560	14,400,000	$	0.42
Fiscal 2017		5,464,320	12,000,000	$	0.46
Total	$	11,542,880	26,400,000	$	0.44

At December 31, 2015, the Company recorded a realized loss and unrealized loss of $150 and $2,209, respectively, reflecting the mark-to-market position of the contracts. The impact of a 10% increase or decrease in rate used in the fair value diesel instrument with all other variables remaining constant is $875. The diesel commodity swap forward contracts are secured under the Facility and documented in the form of an International Swap and Derivatives Association ("ISDA") master agreement.

	Balance sheet classification		Fair value of derivative instruments		
			December 31, 2015		December 31, 2014
Diesel forwards	Derivative liability	**$**	**2,320**	$	-
	Current portion of derivative liability	**$**	**1,378**		-
	Non-current portion of derivative liability	**$**	**942**		-

		Twelve months ended December 31, 2015		Fourteen Months ended December 31, 2014
Realized loss on derivative instruments – diesel forwards	**$**	**150**	$	-
Unrealized loss on derivative instruments – diesel forwards		**2,209**		-
Total realized and unrealized loss on derivative instruments – diesel forwards	**$**	**2,359**		-

(b) Fair value of financial assets and liabilities not measured and recognized at fair value

Long-term debt is measured at amortized cost and includes transaction costs on debt financing. The recorded value of long-term debt approximates fair value.

24. PAYMENTS MADE TO FOREIGN GOVERNMENT AUTHORITIES

During the twelve months ended December 31, 2015, the Company made in total approximately $9,061 (fourteen months ended December 31, 2014 - $6,767) in payments to the Government of Guyana or related government authorities in respect of royalties, taxes, property licences, duties, payroll deductions, property rentals, and other similar charges.

25. SUBSEQUENT EVENTS

Subsequent to December 31, 2015, the following events took place:

(a) The Company announced that its Aurora Project had declared commercial production effective January 1, 2016.

(b) On January 15, 2016, the Company negotiated a settlement with the GSJV of all extension of time claims and contingent bonuses amounting to approximately $18 million relating to the Aurora Project EPC Contract.

(c) On January 29, 2016 the Company entered into an agreement to purchase a refurbished Twin Otter plane for local employee transport in Guyana. The Company also entered into commitment for the purchase of new mining equipment. The total value is approximately $6.4 million.

(d) On February 11, 2016 the Company purchased a diesel forward contract for 9.6 million litres of diesel at an average rate of $0.395/litre, expected to be settled on a net basis. This commodity swap covers the calendar year 2018.

(e) The Company received $34.3 million from the sale of gold from January 1, 2016 to March 10, 2016.